

MIDDLE LINE ROAD HOUSING CONCEPTUAL DESIGN and FEASIBILITY Final Report



Prepared For
THE TOWN OF CHILMARK

By
SOUTH MOUNTAIN COMPANY
In Association With
KEEN DEVELOPMENT CORPORATION

MARCH 9, 2005



MIDDLE LINE ROAD HOUSING

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MIDDLE LINE ROAD HOUSING

DESIGN CONCEPTS

The 16 drawings and text that follow are site-specific and project-specific design concepts that are intended to be a suggestive - rather than literal – guide for the process of creating a vibrant and livable neighborhood on Middle Line Road. These concepts are intended to give a sense of:

- How the land could be developed and utilized while preserving its special qualities;
- How the housing could be arranged and designed in concert with its setting;
- How the property might look and feel once development is complete.

ENHANCE MIDDLE LINE ROAD:



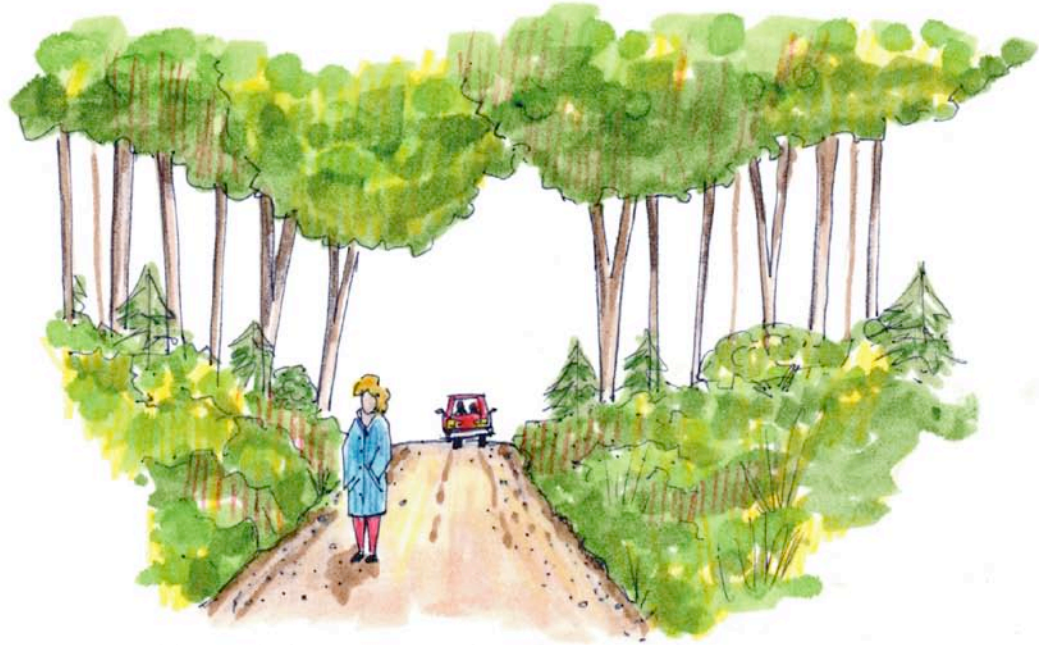
Consider the roadside appearance, especially as it passes the landfill – screen and restore where possible, and maintain greenbelt.

MAINTAIN EXISTING LANDSCAPE FEATURES AS PRESERVES:



Designate the Beech Grove, the Clay Pits, and Holman's Path as permanent open space, create conservation restrictions as necessary, and create pathways so they can be enjoyed.

ROADWAY IN THE SADDLE:



Utilize the natural "pass" that moves through the property as the roadway. This will get cars off Middle Line Road early, access entire property, and avoid roadways parallel to Holman's Path.

PRESERVE EXISTING TREES:



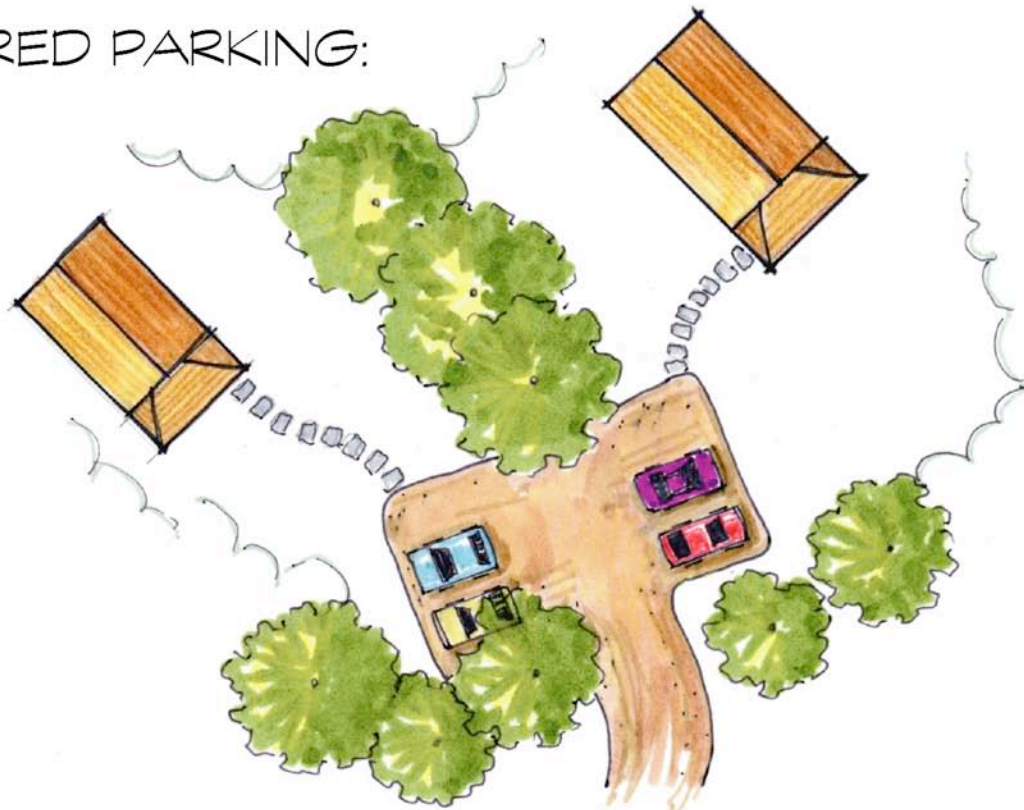
Map the major trees and use them to guide siting, to shade buildings, and to screen and shelter outdoor living areas.

STABILIZE STONE WALL AT SOUTH BOUNDARY:



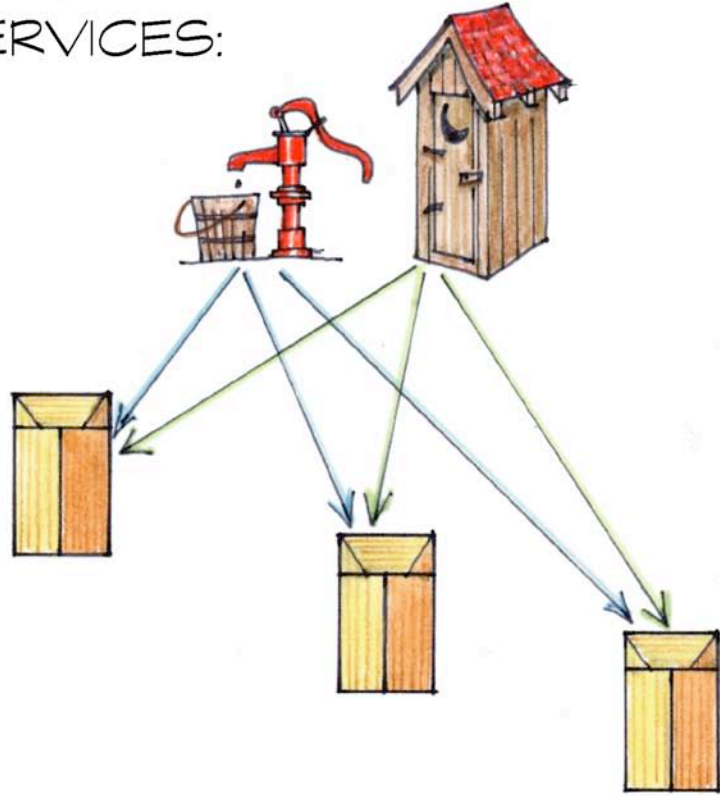
Repair as necessary, but maintain the existing loose farm wall style.

SHARED PARKING:



Minimize parking and driveways by sharing wherever possible.

SHARED SERVICES:



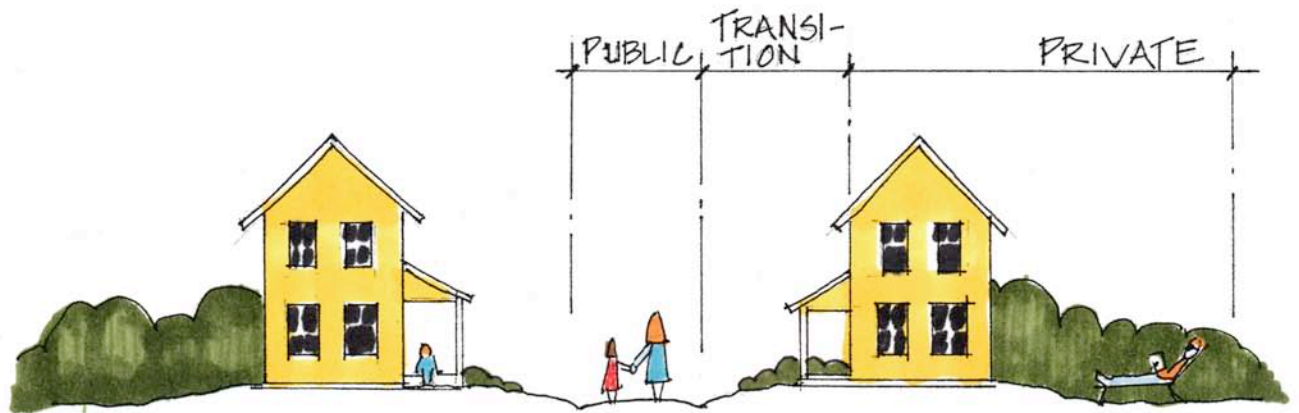
Share wells & sewage disposal systems for economy & to minimize site disruption.

SPACE FOR FUTURE USE AND EXPANSION:



Cluster development to preserve open space and leave space for future uses if the need or desire develops.

COMMUNITY AND PRIVACY:



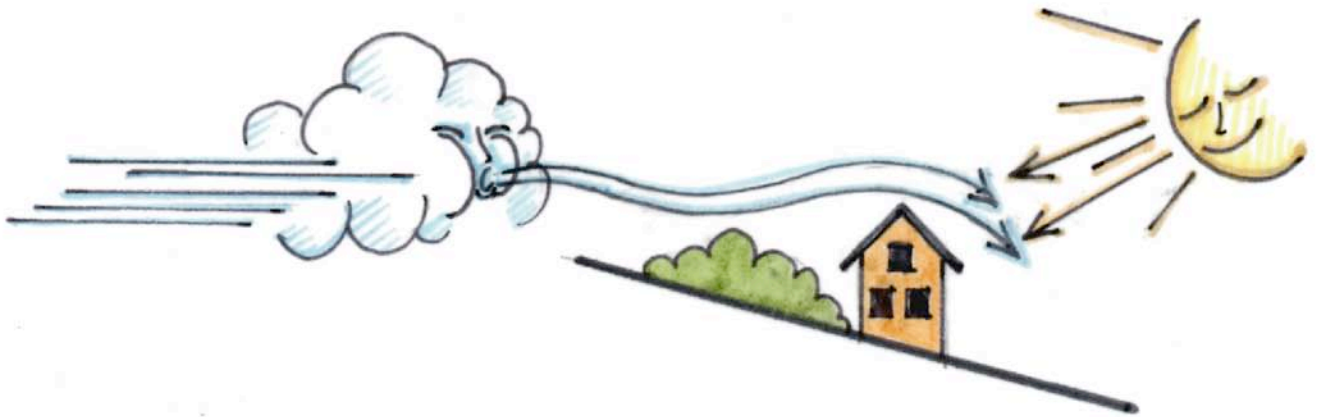
Site buildings so they relate well to each other and make a true neighborhood, with each building having both private outdoor spaces and transitional spaces.

SITE HOUSES WITH NEIGHBORING PROPERTIES IN MIND:



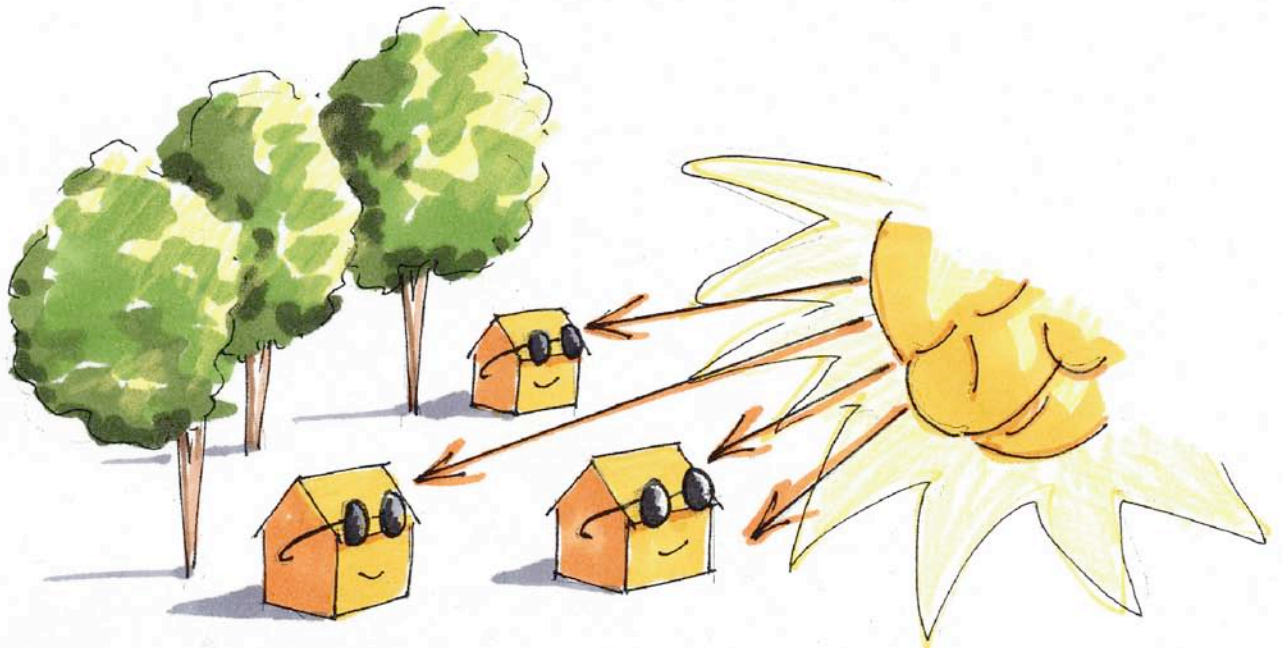
Use topography and new plantings as screening, and keep sufficient setbacks from developed and developable properties.

OPTIMIZE BENEFITS OF SLOPING SITES:



Site the houses primarily on the hilly uplands for variety, air movement, and sun.

DWELLINGS THAT FACE THE SUN:



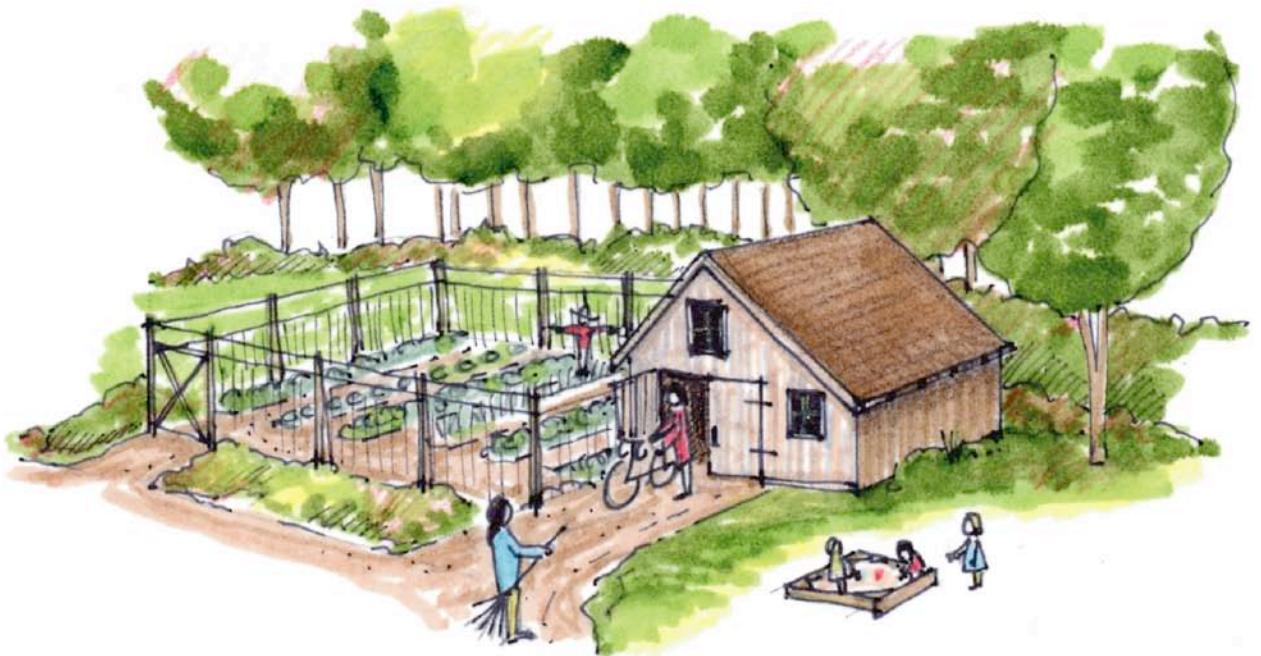
Arrange buildings along an east-west axis so that all have a clear view of the sun, and maintain sufficient spacing to avoid shading.

MAKE RENTAL HOUSING WITH SINGLE-HOME QUALITIES:



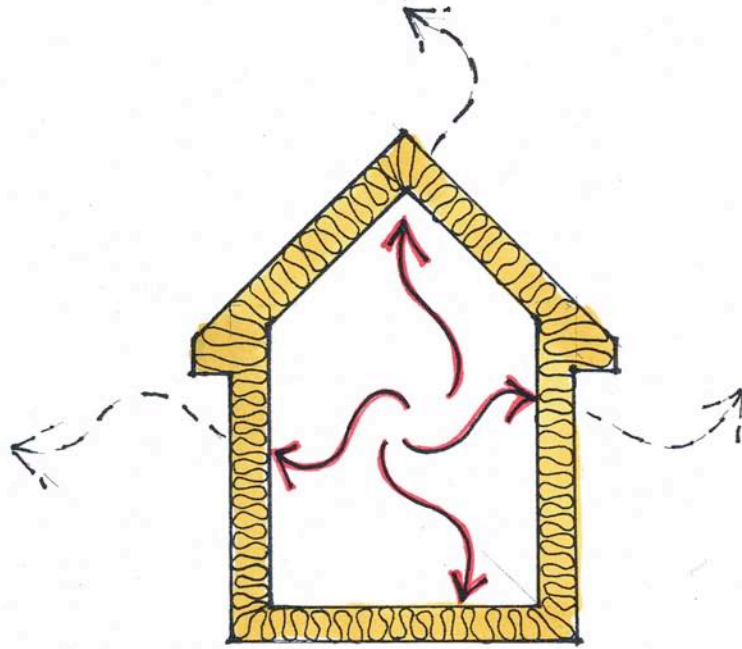
Design rambling buildings that feel like old farmhouses.

SHARED FACILITIES AND OUTDOOR SPACES:



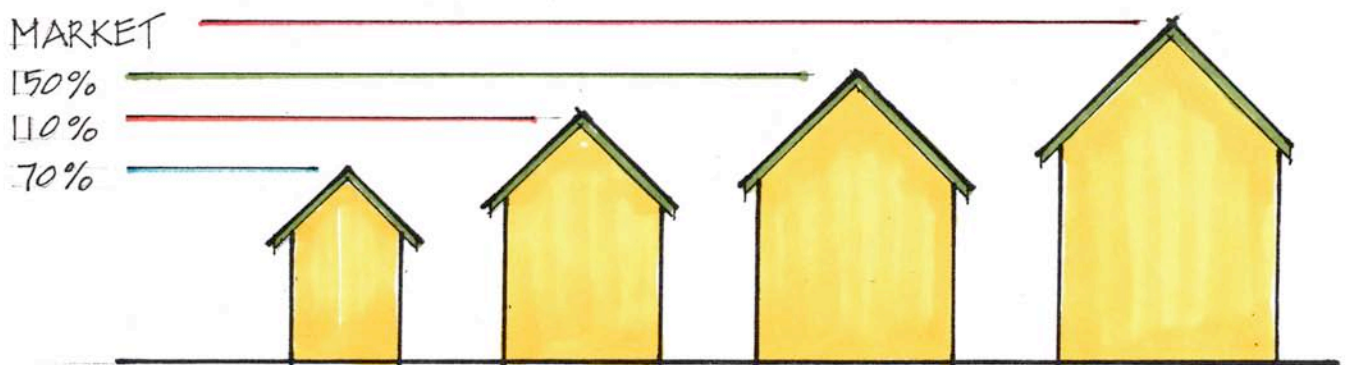
Provide shared storage for rentals, a community garden, and play space.

SMALL, WELL-DESIGNED, COMFORTABLE HOMES:



Modest but high quality houses - light and open, low energy, and easy to maintain - will be truly affordable over time.

A MIXED INCOME NEIGHBORHOOD:



Price for 70% of median income to full market to foster a diverse neighborhood and diverse opportunities.



MIDDLE LINE ROAD HOUSING

CONCEPTUAL PLANS

The two primary housing concepts are:

- Twelve dwellings on the property;
- An equal split between homeownership and rental.

These came from the original Request for Proposals issued by the Selectmen and from the Chilmark Affordable Housing Committee. There was a basis for each. The density came from the notion that a maximized conventional development by current zoning could conceivably divide the property into six lots which could each accommodate one house and one guest house (twelve dwellings). The intention of the town was to provide as much housing as possible to serve the pressing need *without exceeding* the theoretical limit expressed above. We saw no reason to question the density except to determine if the land could comfortably handle this number. In every way that we have examined, the land can handle 12 dwellings.

(It should be noted that it was always assumed that the land is 20 acres. The survey shows that it is actually 21.4 acres, which means that a case could be made that a maximized conventional development plan could have *seven* three-acre lots, allowing up to seven houses and seven guest houses).

We saw no reason to carefully examine the mix of rental and homeownership because it came from an expression of need within the town. Sixty-seven percent of the respondents to the Chilmark Housing Committee 2004 Town Housing survey favored a mixed approach. There is good rationale

to support that mix, as there is currently a surplus of qualified applicants in Chilmark for both the rentals and the homeownership units proposed for Middle Line Road. (Currently there are 8 approved applicants on the rental waiting list, and 13 approved applicants on the resident homesite waiting list, with another 4 awaiting finalization of their applications.) The presence of rental units in the mix will increase the Town's flexibility to accommodate the needs of the Town to house municipal employees and teachers, as this becomes more and more of a critical concern.

It's hard to say whether an equal mix of rental and ownership *optimizes* the town's flexibility, but the issue is this: the town is able, at this time, to build a limited amount of housing, less than is needed, and there are those who are waiting for *both* rental and homeownership. The combination satisfies both needs, and results in a healthy, varied neighborhood mix.

Three concept plans are presented. The first, Plan A, is the plan that responds directly to the ideas expressed in the Request For Proposals (six rental units and six one acre lots for homeownership). The second plan, Plan B, is a variation that takes the same number of units (6 rental, 6 homeownership), but imagines a way of accommodating them with a different approach to arrangement of buildings and infrastructure and use of the land by clustering tightly and reserving a parcel for future development if the Town wishes to do so in the future. Plan C is a response to many of the comments raised at the first public hearing, and pushes the clusters further apart, brings the open space reserve from the back of the property to the center of the property, and accommodates no future expansion.

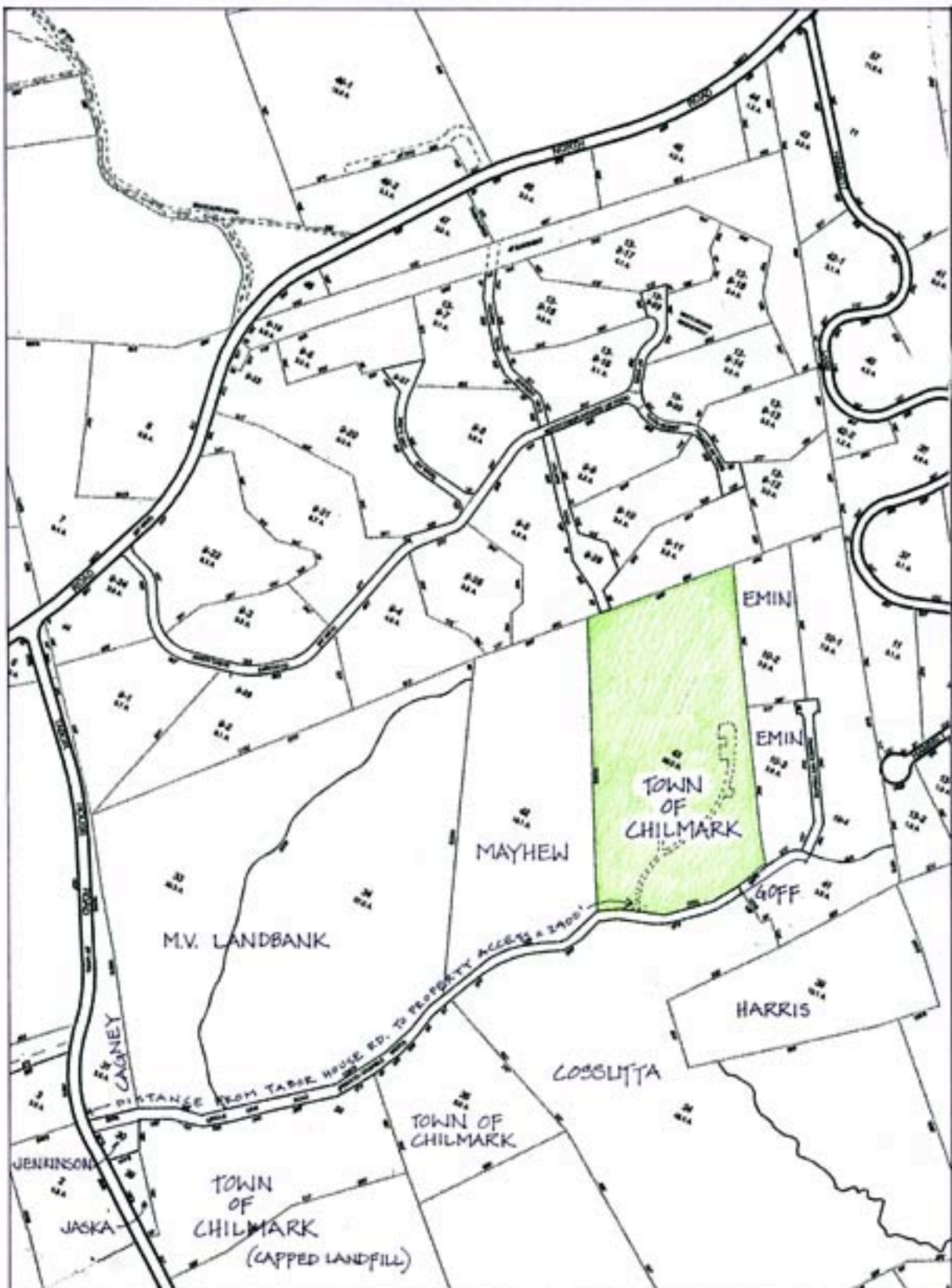
There are also two sample house plans provided for a two-bedroom and a three-bedroom house. These are included *only* as an illustration of what a 1,100 sq. ft. two-BR house, and a 1,350 sq. ft. three-BR house (which is what the cost estimates are based on) might look like.

ASSUMPTIONS COMMON TO ALL PLANS:

- 150' - 200' setback / greenbelt along Middle line road;
- 100' setback / greenbelt along all other existing property lines;
- 50' setback / greenbelt along each side of Old Holman's Way and Beech grove;
- Protection of Beech grove as part of greenbelt;
- A conservation restriction for protected areas;
- Driveway access to property at southwest corner of land;
- Cross Holman's way on the perpendicular;
- Face all houses / apartments towards the inside of the property;
- Provide shared utilities for all rental properties;
- Income restrictions on properties (½ of units at less than 100% of median, ½ of units at greater than 100% of median);
- Shared parking between adjacent units.

DIFFERENCES BETWEEN PLANS:

- Lots and clusters:
 - Plan A retains the traditional resident homesite owner-built model
 - Each house with separate septic and well
 - Each house with 1 acre subdivided lot
 - Plan B envisions 3 clusters of 3 pre-built units per cluster
 - Each cluster with shared septic and well
 - Each cluster on a 5 acre lot
 - Each building has a $\frac{1}{4}$ acre “exclusive use zone” with remainder of 5 acre lot held in common.
 - Plan C envisions 3 clusters of 2-3 pre-built units per cluster
 - Each cluster with shared septic and well
 - Each cluster on a 7 acre lot
 - Each homeownership unit has a $\frac{1}{4}$ acre “exclusive use zone” with remainder of 7 acre lot held in common.
- Apartment units:
 - Plan A proposes 2 triplex apartment buildings apart from homesite lots
 - Each triplex with total 6 bedrooms
 - Plan B proposes 3 duplex apartment buildings mixed with neighborhood clusters
 - Each duplex with total 4 bedrooms
 - Plan C proposes 2 triplex apartment buildings apart from homesite clusters
 - Each triplex with total 6 bedrooms
- Land use:
 - Plan A spreads out homesite units along eastern half of property
 - Retains northernmost areas of property for future use
 - Plan B tightly clusters units, leaving northern area of property untouched
 - Retains northernmost areas of property for future use
 - Plan C loosely clusters units maintaining open space between clusters
 - Does not retain designated area for future use
- Subdivision:
 - Plan A divides property into 7 lots
 - 6 Homesite lots @ 1 acre each
 - 1 remainder lot @ 15.4 acres
 - Plan B divides property into 4 lots
 - 3 lots @ 5 acres each for clusters
 - 1 remainder lot at 6.4 acres
 - Plan C divides property into 3 lots
 - 3 lots @ 7.1 acres each



MIDDLE LINE ROAD HOUSING CONTEXT PLAN

SOUTH MOUNTAIN COMPANY INC.

ARCHITECTURE - BUILDING - WOODWORK - INTERIORS - DEVELOPMENT
Resource Connection - Employee-Owned

In association with

KEEN DEVELOPMENT CORPORATION, Cambridge, MA

SCALE 1:200



MIDDLE LINE ROAD HOUSING PLAN B

SOUTH MOUNTAIN COMPANY INC.

ARCHITECTURE - BUILDING - WOODWORK - INTERIORS - DEVELOPMENT
Residence - Commercial - Employee-Owned

In association with
KEEN DEVELOPMENT CORPORATION, Cambridge, MA

SCALE 1:100



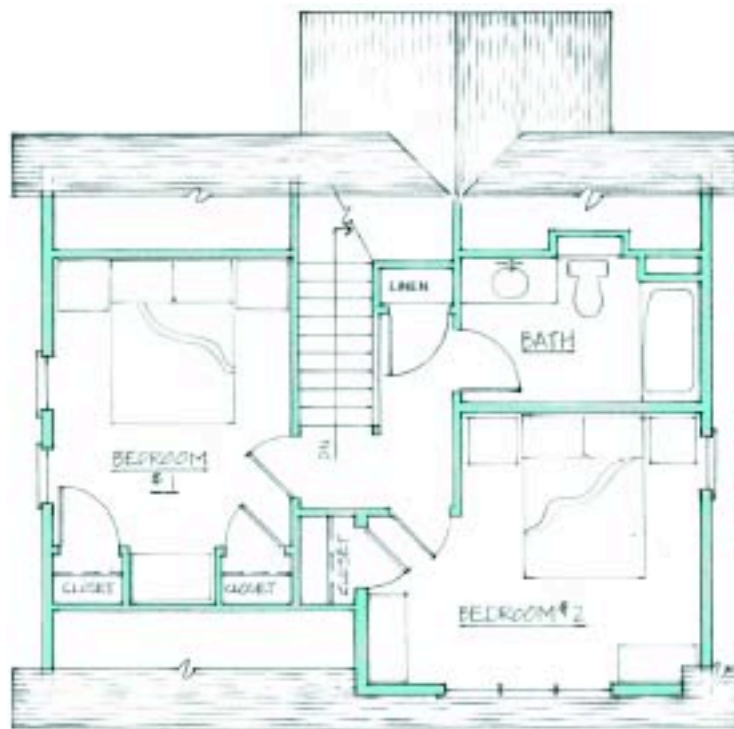
MIDDLE LINE ROAD HOUSING PLAN C

SOUTH MOUNTAIN COMPANY INC.

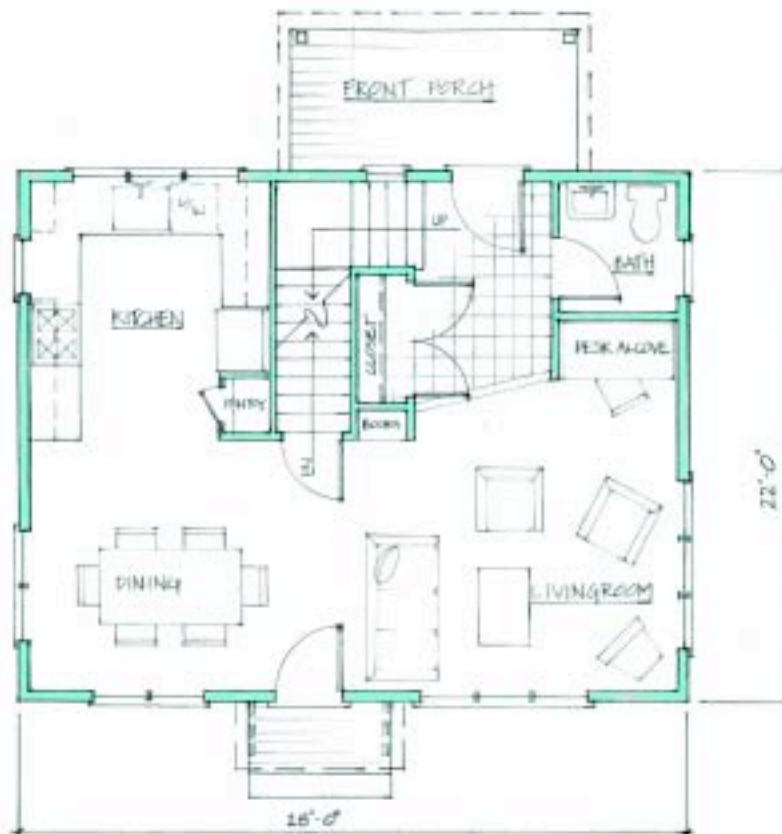
ARCHITECTURE BUILDING WOODWORK INTERIORS DEVELOPMENT
Residence Construction Employee Owned

In association with
KEEN DEVELOPMENT CORPORATION, Cambridge MA

SCALE: 1"=60'



SECOND FLOOR PLAN



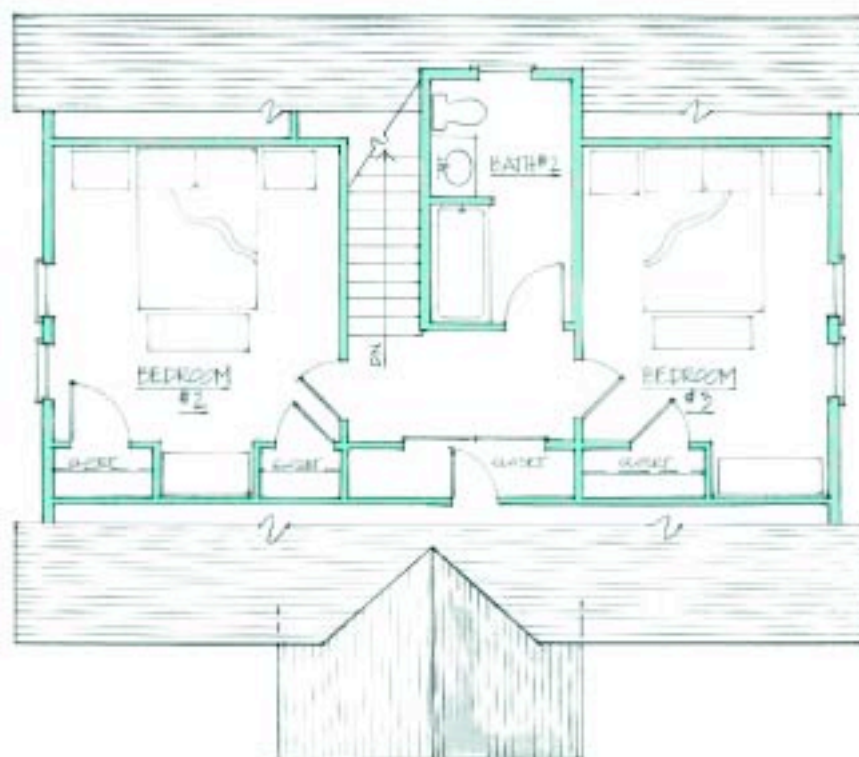
FIRST FLOOR PLAN

SAMPLE HOUSE PLAN

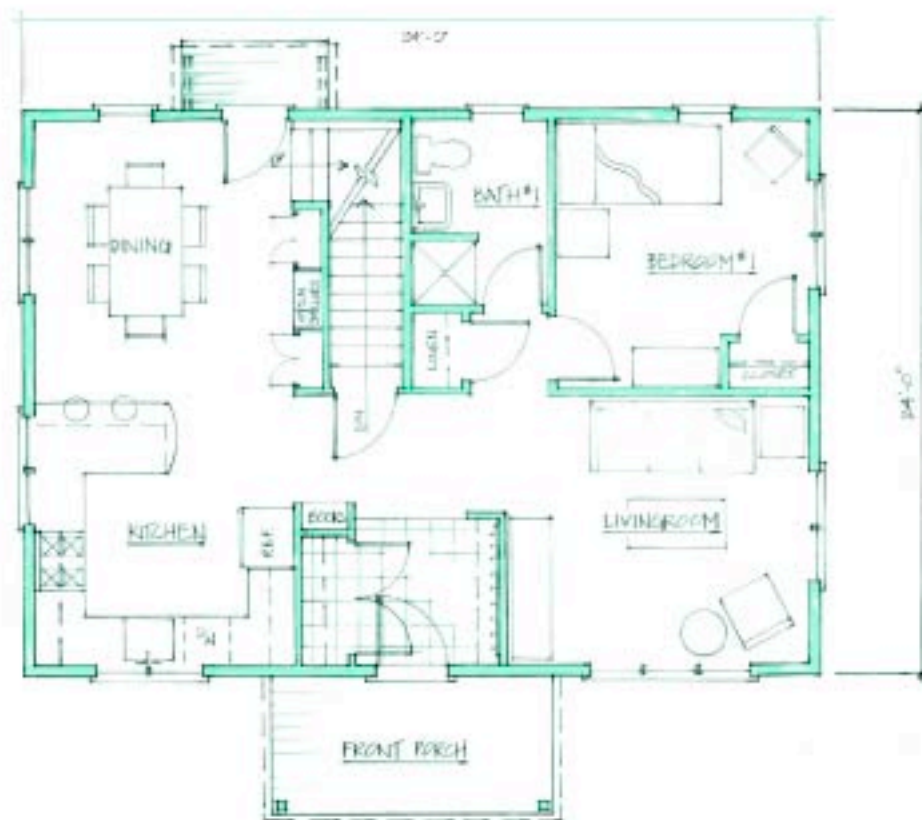
2 Bedroom = 1085 s.f.

SOUTH MOUNTAIN COMPANY INC.

ARCHITECTURE • BUILDING • REMODELING • INTERIOR • DEVELOPMENT
Reserve Concrete • Employee-Owned



SECOND FLOOR PLAN



FIRST FLOOR PLAN

SAMPLE HOUSE PLAN

3 Bedroom = 1347 s.f.

SOUTH MOUNTAIN COMPANY INC.

ARCHITECTURE • BUILDING • INTERIORS • LANDSCAPE • CONSTRUCTION
Residential • Commercial • Industrial • Marine



MIDDLE LINE ROAD HOUSING

SITE ENGINEERING AND LEGAL

This section describes the engineering and legal issues, and notes those that need decision-making during this phase. Each of those that require decisions are further discussed in the Conclusions and Recommendations section.

ACCESS

The town has access from Tabor House Road to the property across the existing traveled way. Access was acquired by an eminent domain taking which did not include a full 40' easement, but the town has property adjacent to the road for most of the way. This should be sufficient to make necessary turnouts to create a safe way for the traffic that the road will need to handle. The Planning Board will need to approve the road as sufficient access for the subdivision. The eminent domain taking has not been concluded at this time.

ROADWAYS

Existing Roadway: The proposal envisions trenching under middle line road for utilities, and upgrading the roadway to Planning Board specifications with turn-outs as appropriate. Drainage is a concern only in a few areas, and it is recommended that the roadway be topped with a brown dense-mix topping and crowned for longevity.

New roadway within the property: The entry point to the Town's 21.4 acre parcel will be at the southwest corner of the property, with the new roadway entering the property at a diagonal, making a single crossing of Holman's Way on the perpendicular so as to create minimum impact on that walking path. This approach minimizes the amount of roadway and underground utilities needed, and will result in a pleasing approach to the property.

SUBDIVISION

Plan A, Plan B, and Plan C can each be developed using existing town zoning, and would require approval of a Form C subdivision by the Planning Board. In order to proceed, the Town must select a plan and prepare an application to the Chilmark Planning Board.

OWNERSHIP

The town has expressed interest in retaining ownership of the property rather than fragmenting and selling to individuals. The property could continue as town-owned land and the town could act as developer. Alternatively, the land could be leased to a non-profit housing development organization, which could develop it under the terms of a Memorandum of Understanding between the town and the non-profit developer. In order to proceed, the Town must decide which method to use. The differences, along with several development approaches, are analyzed in the Conclusions and Recommendations section.

MANAGEMENT

The town could manage the rental housing and oversee and monitor house sales. Alternatively, the town could request to contract the management to the Dukes County Regional Housing Authority. In that case, the town could remain as the organization who does buyer selection, tenant selection, or both, or it could request that the DCRHA follow guidelines set by the town. The Town must make a decision about the management entity. There is no need to do so at this time, though the Town may wish to make a recommendation to the voters as part of the current presentation.

LONG-TERM AFFORDABILITY

There are no obstacles to maintaining long-term affordability as long as the housing is serving residents making less than 150% of the Area Median Income (AMI). In Massachusetts, affordability deed restrictions can only apply for 30 years unless those being served have incomes below 80% of AMI. Recently, however, the Massachusetts legislature has agreed to extend that to 150% of AMI on Nantucket and the Vineyard. Regardless, if the property is ground leased (the houses themselves can still be sold) the lease provisions can maintain affordability in perpetuity. A sample ground lease (from the Island Housing Trust) which could be used or adapted, will be provided under separate cover to the Housing Committee.

CONSERVATION RESTRICTION

The property contains many notable features which will be important to protect, maintain, and keep publicly accessible. These include the clay pits, the Holman's Road ancient way, stone walls, and a superb beech grove. Because of the proximity of this property to the Land Bank's Middle Line preserve, we recommend that the Town negotiate a transfer of conservation rights on these portions of the property to the Martha's Vineyard Land Bank.

UTILITIES

Electric / phone / cable: All utilities will originate at the entry to the Town dump and will be placed in conduit 540 feet along the east side of Tabor House Road, 2,400 feet along Middle Line Road, and 1,000 – 1,400 feet along the new roadway on the property itself.

Septic systems: Plan A envisions a shared 12-bedroom septic system for the two triplex apartments, with individual, owner-installed, 3-4 bedroom septic systems on each resident homesite lot. Plans B and C envision shared 12-bedroom septic systems for each of the building clusters.

Wells: Plan A envisions a shared well and water system for the two triplex apartments, with individual, owner-installed wells on each resident homesite lot. Plans B and C envision a shared well for each of the building clusters.

SETBACKS

Due to the open quality of this wooded property, we recommend increasing minimum setbacks, as shown on the plans, to create and protect greenbelts within and around the property.

SCREENING ALONG ROADWAYS AND PROPERTY LINES

Due to the open quality of the woods in this area, we recommend that the planting of screening be included as a design element on the property. Carefully placed screening along the eastern property line will be a necessary benefit for abutting neighbors, while screening between Holman's Road and the proposed housing units will clearly be an enhancement to the property. Selective screening would also be beneficial to Middle Line Road alongside the capped landfill.



MIDDLE LINE ROAD HOUSING

FINANCES

The Financial information contained in this report includes the following:

- Plan A development and operational proforma (2 pages);
- Plan B&C development and operational proforma (3 pages);
- Sources of Funds (1 page);
- Affordability Matrix (1 page).

Each proforma includes development costs, operation of rentals, and sale of homeownership leases and/or houses. It is important to note that this is a pre-development estimate only and a host of further inquiries and decisions must be made before these numbers can be refined. They all have strong basis, however, and in the year 2005 it is likely this project could be financed as shown.

The rents and sales prices are derived from the affordability matrix, which is based on the Area Median Income. If the project requires some time to develop and costs rise, rents and sales prices are likely to rise along with the Area Median Income.

The Sources of Funds document suggests where the money could come from to finance the project. The Total Development Costs less known sources of funds (mortgage loan which can be supported by rental income, sale of land leases or land leases + houses, and funds appropriated to date by the town of Chilmark for this project) yields a funding gap. We show the funding gap being filled in two ways:

1. Existing and future Chilmark Community Preservation Act (CPA) Funds; and

2. Massachusetts Affordable Housing Trust Funds.

We recommend that the Town restrict three rental units and three homesite units to those making less than 100% of Area Median Income (AMI). The remaining six units could be restricted to those making less than 150% of AMI, or more. This would give broad flexibility and allow CPA funds to be used to fund a large share of the project. Currently Chilmark has roughly \$500,000 in CPA funds which can be committed to housing. Chilmark will be collecting additional funds over the next few years as the project is being developed. In addition, as there is significant open space work associated with this project, some CPA open space funds could also be used.

The Massachusetts Affordable Housing Trust is a program which grants up to \$50,000 per unit for homeownership houses and rental apartments which are restricted to those making up to 110% of AMI. As far as we know, there are no other viable family housing funding programs that serve units designated for above 80% of AMI. We believe that to restrict units to that income level would reduce flexibility for the town.

There are, however, other ways to bring funding to the project if shortfalls develop. Shortfalls could develop for the following reason(s):

- AHT funds are not awarded or are not available at time of need;
- Costs exceed estimates;
- The Town decides to change one or more of the assumptions on which this report is based, such as:
 - serve residents at lower incomes than projected within this report;
 - charge less for acquisition of the lease lots;
 - charge lower rents, or reduce sale prices.

If shortfalls develop, the Town could make up shortfalls by:

- Committing more CPA funds to the project;
- Raising funds from private donations with the assistance of The Island Affordable Housing Fund;
- Appropriating town funds.

Middle Line Road

Preliminary Proforma - Plan A

March 9, 2005

Assumptions

Site	21.4 Acres
Rentals	6 Apartments
For-sale (Lease)	6 Lots
Buildout	6,000 Gross Square Feet (Rental Units Only)

Development	Total	Per Unit
Acquisition (Clay Rights)	\$ 240,000	\$ 20,000

Hard Costs

Site Work

Site Preparation	\$ 60,000
Middle Line Road Improvements	50,000
New Roadways	70,000
Underground Utilities	100,000
Wells & Septic Systems [a]	80,000
Landscaping	80,000
Screening	60,000
Subtotal Site Work	\$ 500,000

Buildings	\$ 130 Per GSF	780,000
A&E Fees	10.0% of Cost	78,000
Surveys, Feasibility, Permits		55,000

Subtotal Hard Costs	1,413,000	\$ 117,750
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Soft Costs 12 Months

Interim Interest	6.0% Loan	\$ 75,000
Financing Fees	1.0% Loan	12,500
Taxes & Insurance		25,000
Legal & Organizational		50,000
Miscellaneous		15,000

Subtotal Soft Costs	177,500	14,792
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Subtotal Development Costs	\$1,830,500	\$ 152,542
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Contingency Allowance	5.0% of Hard & Soft Costs	79,530	6,628
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Developer Fees	10.0% of Hard & Soft Costs	159,050	13,254
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Total Development Cost	\$2,069,080	[b]	\$ 172,423	[b]
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Notes:

[a] Includes shared well & sewage disposal system for rental apartments, but only wells & perc. tests homesite lots.

[b] IMPORTANT: Does not include design and construction of six houses.

Middle Line Road
Preliminary Proforma - Plan A
March 9, 2005

Rentals			Affordable [a]		Moderate [b]	
			No.	Rent	No.	Rent
Type	Total	NSF				
1BR	2	800	1	\$ 938	1	\$ 1,442
2BR	2	1,000	1	1,115	1	1,719
3BR	2	1,200	1	1,285	1	1,983
Total/Average	6	1,000	3	\$ 1,113	3	\$ 1,715

Notes:

[a] Affordable <100% of median with rents set at average of 85% median (less utilities)

[b] Moderate <150% of median with rents set at average of 125% median (less utilities)

Operations

Affordable Revenues			\$	40,068
Moderate Revenues				61,740
Gross Rental Income			\$	101,808
Vacancy Allowance	5.0%	Gross Rental Income		(5,090)
Gross Effective Income			\$	96,718
Operating Expenses [c]	\$ 5,827	Per Unit Per Annum		(34,964)
Net Operating Income			\$	61,754
Debt Service [d]	7.2%	Constant		(51,480)
Surplus Cash Flow [e]			\$	10,274
Debt Service Coverage	120.0%			

Notes:

[c] Operating expenses based on Dukes County Regional Housing Authority Estimates

[d] Debt service constant based on 6% interest and 30 year term for a \$715,000 mortgage

[e] Surplus cash flow to be deposited in a reserve fund

Middle Line Road Preliminary Proforma - Plans B & C March 9, 2005

Assumptions

Site	21.4	Acres
Rentals	6	Apartments
For-sale	6	Homes
Buildout	13,600	Gross Square Feet

Development		Total	Per Unit
Acquisition (Clay Rights)		\$ 240,000	\$ 20,000
Hard Costs			
Site Work			
Site Preparation		\$ 60,000	
Middle Line Road Improvements		50,000	
New Roadways		70,000	
Underground Utilities		80,000	
Wells & Septic Systems [a]		115,000	
Landscaping		180,000	
Screening		60,000	
Subtotal Site Work		\$ 615,000	
Buildings	\$ 130 Per GSF	1,768,000	
A&E Fees	10.0% of Cost	176,800	
Surveys, Feasibility, Permits		55,000	
Subtotal Hard Costs		2,614,800	\$ 217,900
Soft Costs	12 Months		
Interim Interest	6.0% Loan	\$ 141,000	
Financing Fees	1.0% Loan	23,500	
Taxes & Insurance		25,000	
Legal & Organizational		50,000	
Miscellaneous		15,000	
Subtotal Soft Costs		254,500	21,208
Subtotal Development Costs		\$ 3,109,300	\$ 259,108
Contingency Allowance	5.0% of Hard & Soft Costs	143,470	11,956
Developer Fees	10.0% of Hard & Soft Costs	286,930	23,911
Total Development Cost		\$ 3,539,700	\$ 294,975

Note:

[a] Includes shared wells & sewage disposal systems for all lots.

Middle Line Road

Preliminary Proforma - Plans B & C

March 9, 2005

Rentals			Affordable [a]		Moderate [b]	
Type	Total	NSF	No.	Rent	No.	Rent
1BR	2	800	1	\$ 938	1	\$ 1,442
2BR	2	1,000	1	1,115	1	1,719
3BR	2	1,200	1	1,285	1	1,983
Total/Average	6	1,000	3	\$ 1,113	3	\$ 1,715

Notes:

[a] Affordable <100% of median with rents set at average of 85% median (less utilities)

[b] Moderate <150% of median with rents set at average of 125% median (less utilities)

Operations

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Net Operating Income			\$	61,754
Debt Service [d]	7.2%	Constant		(51,480)
Surplus Cash Flow [e]			\$	10,274
Debt Service Coverage	120.0%			

Notes:

[c] Operating expenses based on Dukes County Regional Housing Authority Estimates

[d] Debt service constant based on 6% interest and 30 year term for a \$715,000 mortgage

[e] Surplus cash flow to be deposited in a reserve fund

Middle Line Road
Preliminary Proforma - Plans B & C
 March 9, 2005

Sales			Affordable [a]		Moderate [b]	
Type	Total	NSF	No.	Sales Price	No.	Sales Price
2BR	2	1,100	1	161,500	1	260,700
3BR	4	1,350	2	194,300	2	308,950
Total/Average	6	1,267	3	\$ 183,400	3	\$ 292,900

Notes:

[a] Affordable <100% of median with sales prices set at average of 85% median

[b] Moderate <150% of median with sales prices set at average of 125% median

Sales Proceeds

Affordable Sales Proceeds		\$ 550,200
Moderate Sales Proceeds		878,700
Total Sales Proceeds		<u>\$ 1,428,900</u>
Closing Costs	2.0% Sales	<u>(28,580)</u>
Net Sales Proceeds		\$ 1,400,320

Middle Line Road

Sources of Funds

March 9, 2005

	Plan A	Plans B & C	Notes
[A] Total Development Costs	\$ 2,069,080	\$3,539,700	
Known Sources of Funds			
Rental Apartment (Mortgage Loan)	\$ 715,000	\$ 715,000	[1]
For-sale Homes			
Homesite Lot Fee	240,000	N/A	[2]
Home Purchases (including lease)	N/A	1,400,320	[3]
Chilmark Contributions			
Clay Rights Purchase	240,000	240,000	
Feasibility & Survey Grant	45,000	45,000	
[B] Total Known Sources	\$ 1,240,000	\$2,400,320	
[C] Funding Gap ([A] less [B])	\$ 829,080	\$1,139,380	
Community Preservation Act	679,080	839,380	[4]
Affordable Housing Trust	150,000	300,000	[5]
[D] Total Potential Sources of Funds	\$ 829,080	\$1,139,380	
[E] Anticipated Shortfall ([C] less [D])	\$ -	\$ -	[6]

Notes:

- [1] Rental apartments support a mortgage loan of \$715,000 based on standard underwriting assumptions as noted in proforma.
- [2] Homesites are conveyed for \$40,000 per lot (treated as a ground lease downpayment to cover development costs).
- [3] Sales of completed homes can be adjusted up or down depending on buyers' actual income levels.
- [4] CPA funds may be used to support rental or homeownership serving households earning less than 100% of median income. The allowable CPA funding is the amount of any shortfall attributable to the affordable homes. This amount is estimated at approximately \$750,000 for the rental apartments and about \$315,000 for the for-sale homes. There is currently about \$500,000 in CPA funding available for housing uses. It is anticipated that sufficient funds will accumulate over the next several years to cover the amount shown above as a CPA contribution to the funding gap.
- [5] Affordable Housing Trust (AHT) funds rentals and homeownership for households up to 110% of median. The above assumes 3 Homes at \$50,000 for Plan A and 6 Homes for Plan B/C. This program is competitive, therefore the funds are not guaranteed.
- [6] If AHT funds are not available, or if development costs exceed estimates, the resulting shortfalls could be made up with town funds, private donations, increased use of CPA funds, or any combination of these sources.



MIDDLE LINE ROAD HOUSING

CONCLUSIONS, COMPARISONS and RECOMMENDATIONS

This section discusses our conclusions regarding four crucial aspects of the feasibility study. All of the following categories will require decisions by the Selectmen and the Affordable Housing Committee.

LAND USE: PLAN A, PLAN B, OR PLAN C

The middle line property contains 21.4 acres of wooded, south-sloping land with several notable natural and manmade features, such as the clay pits, Holman's road, and the beech grove. Once the setbacks required by Chilmark's zoning bylaws are taken into account, approximately 14 acres remain of buildable land. In all three plans presented here, we have recommended adding protective setbacks to those required setbacks, as well as around the important natural features of the property, creating greenbelts and no-cut areas. Once those additional setbacks are deducted, there remains approximately 7 acres of the property set aside for construction. We feel that this creates an excellent combination of maintaining open space and creating small neighborhood clusters.

Plan A is the most efficient way we could devise to satisfy the requirement of six one-acre homesite lots in addition to space for rental housing. It is, however, a very linear development approach.

Plan B, a cluster plan, locates the most comfortable and protective building areas and gathers arrangements of three buildings (one duplex rental building and two single family ownership houses) on each. There is less land disturbance, more opportunity for shared parking and utilities, and nice

relationships maintained between the buildings themselves and each cluster. It almost has the feeling of three small farmsteads, and mixes rental housing with homeownership as neighborhoods often do. The rental duplexes would presumably be quite different from the single family houses, thereby providing more architectural diversity.

Plan C is also a cluster plan, with the groupings of buildings spread more fully over the property, leaving more space between units, and creating a greenbelt in the center of the property. Plan C gathers the rental units (as in Plan A) into one cluster. This creates some separation of the apartments from the homesites, which is perhaps a negative, but allows for simpler management of the apartments. Plan C does not set aside land for future expansion.

Plans B & C allow for three septic systems and three wells, one for each cluster. No cluster would have more than twelve bedrooms, which is the cut-off beyond which a well would be considered a Community Water System, which entails major added costs and difficult-to-achieve protective zones. The Plan A approach of six separate homesite lots plus the rental cluster leads to seven separate septic systems and wells, which creates substantial land disturbance and unnecessary expense. There could, on Plan A, still be shared systems, but there would need to be complex maintenance arrangements and, because of the spread out nature of the land plan, savings would be minimal.

Plans B & C envision 11,000 square foot (1/4 acre) “exclusive use zones” for each dwelling. These would be just like lots, under the control of the homeowner, for use as private outdoor and yard space. One can imagine picket fences, hedges, and other neighborhood landscape devices, that would give a sense of community at the same time as plenty of private space (for comparison, Island Cohousing, a planned neighborhood in West Tisbury with which many are familiar, has 5,000 square foot lots, less than half the size of those envisioned here, and yet there are comfortable separations and a sense of privacy).

In summary, we recommend that the Town choose either Plan B or Plan C. We feel that cluster arrangements use the land more effectively, provide the best overall neighborhood environments, and produce the best protection for abutters, particularly along the eastern edge of the property.

Plan B is less spread out, preserves more woodlands, reduces the length of internal roads and utilities, and integrates the rental and homeownership housing. If there is a concern that the site should never have more than twelve homes, the objective could be assured by applying a conservation restriction to the remaining land.

DEVELOPMENT ENTITY: TOWN OR NON-PROFIT

There are several ways to structure ownership and development, but only two seem to satisfy the town’s desire to maintain some control and flexibility while still offering true homeownership:

1) The Town owns and develops the property: Under this arrangement, if the Town selects Plan B or C, the Town would sell the houses and ground lease exclusive use zones to the selected homeowners. With Plan A, the Town would ground lease lots to the selected recipients.

2) The Town owns the property and grants a long term land lease to a non-profit for the portion of the property that will be developed: The non-profit would develop the property according to a memorandum of understanding with the town. By Plan B or C, the non-profit would sell the houses and ground lease the exclusive use zones to recipients selected by the Town, and by Plan A the non-profit would ground lease the lots and the recipients would build their own homes.

Option number 1 (Town ownership and development) maximizes Town control. There are several significant problems, however, as follows:

- The Town must abide by state procurement procedures and wage rates, thereby increasing costs by at least 30-50%;
- It is less likely that the town will be able to work with local building professionals because of bonding requirements and additional bureaucracy;
- The Town will have continuing liability;
- The Town will incur the added expense of having to hire an “owners project manager”
- The Town may have *less control* in the selection process by having to comply with procurement procedures to lease the properties and/or sell the houses.

If the town ground leases the entire property to a non-profit, the issues of procurement, local involvement, and liability are resolved. Additionally, it would be working with an entity whose expertise, unlike the town's, is in housing development. The town could maintain a measure of control through a Memorandum of Understanding which expressly sets out the requirements of the Town. Attached are two letters, one from the Massachusetts Department of Housing and Community Development, and a response from the Massachusetts Attorney General, which speak to the legality of these arrangements.

One such existing entity is the Island Housing Trust (IHT). The town already has a seat on the Board of IHT, and IHT was set up specifically to do projects like these on the Vineyard, but it is not the only entity that could provide the complete set of services needed. For example, the town of Edgartown, in the same situation at Pennywise Path, is contracting with an off-island non-profit housing developer, The Community Builders.

It appears to us that there are compelling advantages to ground leasing the property to a non-profit.

DEVELOPMENT METHOD: SELF-HELP OR PROFESSIONAL BUILDOUT

There are two development methods that could apply to the build-out for Middle Line Road. We refer to the first as the “self-help” method whereby prospective homeowners would acquire a lot and build their own home over time (while the rental housing would be developed by the Town or a qualified non-profit). The second is the “professional build-out” method, whereby the Town or a qualified non-profit would develop the site in its entirety, both rental and for-sale homes, and sell the completed homes to buyers selected by the Town.

Plan A lends itself to the self-help approach. Plans B and C lend themselves to the professional build-out approach.

In terms of development approach, we see significant disadvantages to the Plan A approach. The use of the property, as imagined, is intensive. Six one-acre lots, side-by-side, along with two rental clusters, will create major building activity. It is hard to imagine that site with a developer building rental housing and six different homeowners building houses, all with their own contractors and subcontractors. Chaos would be likely. Traffic would be heavy. Parking needs would disturb land that needn't be disturbed. People would finish their homes at different times; some would be slower, and the rest would have to live adjacent to construction activity, perhaps for a long time.

Using a one time build-out development approach, as recommended in Plans B and C, the site could be carefully controlled and protected, the various trades could be coordinated and efficiently deployed, and construction activity could have a defined beginning and end.

If the Plan A owner-builder approach is chosen, we recommend that the town's design team, as part of the architectural and engineering work, develop a set of architectural guidelines and an architectural review process to assure some coherence and minimum standards. If the Plan B or C build-out approach is selected, we recommend that the town make its owner selections before the design process begins, and that the selected "owners-to-be" become a client group and work with the design team until reaching agreement on what, exactly, the houses will be. This way there will be sufficient input but economies of scale and efficiencies can be optimized.

Financially, the town would invest less by choosing the Plan A owner-builder method because the six homeownership houses would be fully financed by the owners. In reality, however, *overall* costs would be higher by using a plan like Plan A with individual construction because efficiencies would be much lower and infrastructure costs would be higher. The funding gap between Plan A and Plan B is \$300,000. The six houses that the homeowners will build would surely cost far more than that in total.

MANAGEMENT: TOWN OR HOUSING AGENCY

If the town chooses to maintain ownership and full control of the property, it could also decide to manage the property as well, or it could determine that it makes more sense to contract out management to the Dukes County Regional Housing Authority (DCRHA), which is engaged in housing management and which currently works directly with the town (and which, again, has a seat on its board occupied by the Town). Managing housing is a major task, of course, and the town would need to create a new administrative infrastructure if it wanted to do so itself.

Whether or not the Town or a non-profit does the development of the property, we think it makes good sense to contract out management. The town could retain its voice in the selection process and qualification procedure to whatever degree it felt inclined to.

SUMMARY

We recommend that the Housing Committee and the Board of Selectmen make the following decisions for recommendation to Town Meeting:

- Select Plan B or C;
- Choose to lease the property to a qualified non-profit for development;
- Choose to designate the DCRHA to manage rental properties for the Town;
- Establish a budget for the next phase of project using CPA funds.

Note: We recommend that the Town prepare a Town Meeting request for the allocation of funds, in accordance with the budget for the selected plan, for all projected architectural and engineering costs, all remaining survey costs, and half the projected legal costs. We recommend that the funds be taken from existing CPA funds. As the Town has already allocated \$285,000 to this project, it could allocate up to \$285,000 in CPA funds at this time, which exceeds the need for the next phase.

NEXT STEPS

We recommend that the Housing Committee and Board of Selectmen prepare to take the following steps following Town Meeting if funds are appropriated:

- Create an RFP to complete architecture and engineering;
- Prepare a Form C subdivision application to the Planning Board;
- Create an RFP to lease the property to a qualified non-profit;
- Select a non-profit, and draft a Memorandum of Understanding (MOU) which directs that non-profit to develop the property in accordance with the (to be approved) Development Plans, in accordance with the Town's wishes, and in full compliance with State and Federal law;
- Draft a Memorandum of Understanding (MOU) for management services with the Dukes County Regional Housing Authority.